# Cryptocurrency: A Shariah Review

A detailed jurisprudential analysis based on the esteemed teachings of Imam Ahmed Raza Khan (Fatawa Razawiya).

## Presented by Mufti Waseem Akhtar Al-Madni

- **Legal & Shariah Expert:** Holds an LLB (Law) and M.Phil (Quran & Sunnah) from the University of Karachi.
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- **Educational Impact:** Over 25 years of teaching experience, shaping future scholars.
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# The Academic Foundation: Jamia Faizan-e-Shariat, Karachi

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# Our Research Methodology: Navigating Cryptocurrency through Shariah

## Objective

To meticulously determine the permissibility (جواز) or impermissibility ( عدم جواز ) of cryptocurrency from an Islamic jurisprudential perspective.

## Source Material

Our rigorous research is conducted exclusively through the profound teachings and rulings documented in the venerable **Fatawa Razawiya**.

The issue is analyzed using three fundamental Shariah terms, providing a robust framework for our inquiry:

### Maal

Wealth / Asset

### Milk

Ownership

### Haq

Right

# Defining 'Maal' (Wealth/Asset) in Islamic Jurisprudence

> In classical Islamic jurisprudence, **Maal (مال)** refers to that which has a tangible existence and is capable of being owned and possessed.

## Physical Existence (Ayn)

Jurisprudents define **Maal** as something that possesses a physical body **(Ayn)** in the external world, making it perceivable and concrete.

## Exclusive Control

It must allow the owner the ability to prevent others from interfering with it, signifying exclusive proprietary rights.

Significantly, benefits or "usufruct" **(Manfa'at)** are generally **not considered Maal** in themselves because they lack physical entities, being merely derived advantages from existing assets.

# The Jurisprudential Challenge: Is Cryptocurrency 'Maal'?

## The Virtual Nature of Cryptocurrency

Cryptocurrency fundamentally consists of virtual digits, existing purely in the digital realm. It does not possess a physical body **(Ayn)** in the outside world, unlike traditional forms of wealth.

1

### Lack of Physical Form

Because it lacks a tangible, physical form, cryptocurrency does not align with the classical definition of **Maal** as understood by early jurists.

2

### Jurisprudential Authority

Extending the definition of **Maal** to encompass virtual items requires the authority of a **Mujtahid** (an independent jurist capable of exercising Ijtihad), a status not claimed by contemporary scholars.

Therefore, the predominant jurisprudential conclusion is that most scholars **reject the validity of crypto trading** if its permissibility is based solely on its classification as "wealth" **(Maal)**.

# Understanding 'Huquq' (Rights) in Shariah

Rights **(Huquq)** are Shariah-recognized interests that, unlike **Maal**, lack a physical body. They represent entitlements or claims, such as the right of passage or drainage.

## Rights to Prevent Harm (Dafa-e-Darar)

- **Purpose:** These rights are granted to protect individuals from potential loss or harm.
- **Example: Haq-e-Shufa** (right of pre-emption), which allows a co-owner or neighbor to purchase property before an outsider.
- **Transferability:** Selling these rights for monetary compensation is generally **not permissible**.

## Original Rights (Asalatan)

- **Nature:** These are rights established intrinsically by Shariah, not merely for defensive purposes.
- **Example: Nuzool an al-Wazaif** (transferring a post or stipend in a trust for compensation).
- **Transferability:** These rights **can be sold or transferred** for compensation, as they are deemed inherent entitlements.

# Cryptocurrency: A Digital 'Original Right' (Haq-e-Asalatan)

## The Breakthrough in Jurisprudential Classification

While cryptocurrency does not fit the definition of **Maal**, a compelling argument can be made for its classification as an **Original Right (Haq-e-Asalatan)**.

1

### Specific Digital Entitlement

The digital digits representing cryptocurrency are uniquely identifiable and specific to the owner, akin to a unique digital signature.

2

### Exclusive Authority

The owner possesses exclusive authority to use, control, or transfer these digital units, mirroring the prerogatives of an original right holder.

> **Verdict:** Given its nature as an **Asalatan right**, the buying and selling of cryptocurrency is deemed **permissible** from a purely jurisprudential standpoint, providing a critical distinction from the **Maal** classification.

# Navigating Legal Compliance & Ethical Imperatives

**Shariah vs. Law of the Land:** Even if an act is permissible in Shariah, Muslims are strictly prohibited from engaging in activities that could lead to public humiliation, arrest, or loss of honor. The preservation of dignity and safety is paramount.

## Current Legal Status in Pakistan

In Pakistan, the government has not yet formally permitted the trading or usage of cryptocurrency, maintaining a cautious stance.

- A dedicated "**Crypto Council**" has been established to formulate comprehensive regulations, focusing on responsible integration and the prevention of illicit usage.
- This initiative aims to create a secure and compliant framework for digital assets.

**Practical Advice:** Trading cryptocurrency should be **avoided** in jurisdictions where it is currently illegal. This protects individuals from potential legal repercussions and preserves their personal integrity and safety.

# Summary of Key Jurisprudential Findings

1

CONCLUSION 1

## Not Maal

Cryptocurrency lacks the physical substance (Ayn) required to be classified as traditional wealth (Maal) in Islamic jurisprudence.

2

CONCLUSION 2

## Not Manfa'at

It is not merely a benefit or usufruct derived from a physical asset; it is a distinct digital entity.

3

CONCLUSION 3

## Valid as a Right

Crucially, cryptocurrency qualifies as an **Original Right (Haq-e-Asalatan)**, making its trade permissible under established Shariah principles due to the owner's exclusive authority over the digital units.

For a deeper dive into counter-arguments and further insights, please refer to **Mufti Waseem Akhtar's upcoming comprehensive book** on this subject, which will provide detailed answers to objections and an expansive analysis.

# Stay Connected for More Insights & Research

We encourage you to stay connected with Mufti Waseem Akhtar Al-Madni for continuous updates, in-depth discussions, and further jurisprudential insights on contemporary issues.

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